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RUEHCV/AMEMBASSY CARACAS PRIORITY 0822
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C O N F I D E N T I A L SANTIAGO 002469

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TAGS: PREL PGOV CI ME

SUBJECT: CHILE AND MEXICO TO SIGN STRATEGIC PARTNERSHIP
AGREEMENT DURING PRESIDENT FOX'S VISIT TO CHILE IN JANUARY
2006

REF: SANTIAGO 02354 (NOTAL)

Classified By: Deputy Chief of Mission Emi L. Yamauchi.
Reasons: 1.4 (b and d).

¶1. (C) Foreign Ministry North American Affairs Deputy Director Alex Geiger told poloff December 5 that Chile and Mexico would sign "a strategic partnership agreement" during Mexican President Fox's visit to Chile in January 2006. Geiger noted the GOC and GOM made significant progress towards an agreement during President Lagos' visit to Mexico in early December. Geiger, who has taken part in the negotiations, characterized the accord as an "umbrella agreement" that would allow Chile and Mexico to build upon a free trade agreement signed in 1998. The final agreement will contain at least five components: political, trade, commercial, science and technology, and culture. Geiger added Chile was especially proud of both countries' commitment to identify opportunities in the region "to jointly promote democracy, free trade and other common interests."

¶2. (C) Geiger characterized the agreement as "one of a kind," asserting Chile (and he believed Mexico) did not have a similar agreement with any other country in the region. He claimed discussions toward the agreement had been under way for "some time" and predated last spring's "difficulties" over the OAS Secretary General candidacy (where then Chilean Minister of Interior Insulza and Mexican FM Derbez were vying for the position.) Geiger said that while both countries' desire to "add a political dimension" to the FTA played a role, Mexico's standing in the region and the GOC's desire for improved relations with the GOM were the driving factors for Chile to conclude an agreement before President Lagos leaves office in March 2006.

¶3. (U) Geiger's description of the agreement is consistent with the information contained in a December 2 press release posted on the Mexican presidency's website (www.presidencia.gob.mx). According to the release, the agreement calls for Chile and Mexico:

--To coordinate positions in multilateral organizations and international fora, as well as in their relations with other nations and regions.

--To strengthen the Chile-Mexico free trade agreement,

including increasing investment in the two countries.

--To increase emphasis on research, culture, science and technology.

--To develop strategies to preserve natural resources in both countries.

14. (U) The press release adds that Chile and Mexico will establish a Partnership Council to implement the agreement. It will be comprised of six government representatives who will participate in three executive bodies: a political affairs commission, a cooperation commission, and a free trade commission. The Council also will act as a mechanism for technical cooperation as a platform for joint collaboration with other countries.

15. (U) According to the same press release, Chilean investment in Mexico totaled \$130.3 million as of June 2005, and involved 259 Chilean firms operating in the commercial, service and manufacturing sectors. Mexican investment in Chile as of October totaled \$1.31 billion and involved 50 Mexican firms in the food, steel, public works, publishing and telecommunications sectors.

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